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September 25, 1998

TO: All Providers of Local (Basic) Telephone Service

FROM: Matthew F. Thayer, Director, Consumer Assistance Division Matt Thayer

SUBJECT: CAD Bulletin 98-4, Response to Lifeline Assistance Program questions.

On December 2, 1997, the Commission issued a Supplemental Order to all local phone providers certified as Eligible Telecommunications Carriers (ETC) requiring each to revise its Terms and Conditions to reflect the changes required by the new FCC guidelines for handling Lifeline/Link Up customers[1]. This Bulletin addresses questions from the Telephone Association of Maine (TAM) in response to that Order.

In its Order, the Commission required that, at a minimum, ETC Terms & Conditions reflect the following federal requirements for Lifeline customers:

* the prohibition against disconnection of a Lifeline customer's local service for nonpayment of toll charges.
* the prohibition against denial of a Lifeline customer's request for reestablishment of local service on the basis for a previous disconnection for nonpayment of toll charges.
* the prohibition against requiring a security deposit in order to initiate service if the Lifeline customer voluntarily elects to receive toll blocking.
* the requirement that ETCs must apply partial payments received from Lifeline customers first to local service charges and then to toll charges.

Following are questions as presented by TAM and our responses to those questions:

QUESTION: Are we required to notify Lifeline customers of the changes that became effective January 1, 1998?

ANSWER: There is no requirement that you notify customers that changes to the Lifeline program went into effect on January 1, 1998. However, Lifeline applications and notices that are issued to promote enrollment in the program should reflect the changes.

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[1] Lifeline/Link Up customers are participants in the Lifeline/Link Up service programs available to qualifying low-income customers under 47 Code of Federal Regulations §54.400 through §54.417.

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QUESTION: When a customer has an arrangement with screening [blocks] and doesn't keep it, do we disconnect? Alternately, a Lifeline customer's access to toll has already been terminated by placing toll restrictions on the line. A payment arrangement was established for the customer's total account balance that includes toll charges. Can the telephone company disconnect the local (basic) telephone service if the Lifeline customer breaks the payment arrangement?

ANSWER: No, and here's why: The FCC Order clearly states in paragraph No. 390 that a lifeline customer's local service cannot be disconnected for failure to pay toll charges and that a request for reestablishing local service cannot be denied on the basis that the consumer was previously disconnected for nonpayment of toll charges. The FCC Order also requires that any partial payments (any payment of less than the entire balance as shown on the most recent bill) made by the customer be applied first to the balance due for local service and then to toll. As a result of these requirements, in most instances, the customer's local service balance will be current or below the minimum requirements for initiating disconnection under Chapter 81 of the PUC rules. Chapter 81, Section 9(J) requires that a disconnection notice contain the overdue amount or exact reason for the disconnection and what the customer must do to avoid disconnection. Since you cannot disconnect a lifeline customer's local service for failure to pay toll, **you may not include any dollars owed for toll on a notice threatening disconnection of local service.** Therefore, whether or not a customer meets the terms of a payment arrangement for toll charges, as long as that customer's payment for local service is not deficient pursuant to Chapter 81 (the overdue amount for local service must be more than $50 or more than 90 days old), that customer's local service cannot be disconnected or threatened to be disconnected.

QUESTION: When a customer makes an arrangement who is on lifeline and breaks it, can we make them take mandatory screening [blocks] at that time for local [intrastate] and interstate toll calls?

ANSWER: The FCC Order does not prohibit termination of toll service for nonpayment of toll charges. The restriction is solely on disconnection of local service for failure to pay toll. The notice issued by the utility must make clear that the threat of termination is for toll service only.

QUESTION: What type of disconnect notices are we allowed to send?

ANSWER: If a lifeline customer owes an overdue amount for local (basic) service that meets the criteria for disconnection without consent in Chapter 81, the utility may send a notice threatening disconnection of local service for nonpayment of local service charges. If a customer owes an overdue amount for toll (intrastate or interstate) service, the utility may send a notice threatening termination of toll service for failure to pay toll charges.

QUESTION: What do we base a deposit on? (The whole bill or just local service)

ANSWER: Deposits for Lifeline customers to receive local service must be based only on local service charges (cost of basic local service minus Lifeline benefit). Long distance carriers may elect to charge a deposit for subscription to their service.

QUESTION: May we offer payment arrangements to Lifeline customers that include the entire balance when that past due balance includes toll?

ANSWER: There is no prohibition on establishing a payment arrangement for the entire balance owed by a Lifeline customer. However, the customer's local service cannot be disconnected for failure to pay toll charges. Therefore, if a payment arrangement is established for payment of toll, notices cannot be issued threatening disconnection of local for breaking that arrangement. Second, because the new Lifeline rules require that any partial payments (any payment of less than the entire balance as shown on the most recent bill) made by the customer be applied first to the balance due for local service, it is unlikely that the overdue amount for local service would meet the Chapter 81 criteria to begin disconnection proceedings for failure to pay local service charges. For these reasons, we suggest separate payment arrangements.

QUESTION: What will disconnect amounts include if the lifeline customer breaks a payment arrangement?

ANSWER: Lifeline customers cannot be threatened with disconnection of local service for failure to pay tolls. Therefore, disconnect amounts cannot include toll charges. If a payment arrangement is established for payment of toll, notices cannot be issued threatening disconnection of local for breaking that arrangement. There is no prohibition, however, on issuing a notice threatening termination of **toll service** if the customer breaks a payment arrangement for toll charges.

QUESTION: Will we be able to require a toll restriction, as our tariff states, when it is a lifeline customer that needs a subsequent agreement after defaulting on a previous arrangement?

ANSWER: The modifications made to the Lifeline program by the FCC focus on the provision and continuation of local service for Lifeline customers. You cannot disconnect or threaten disconnection of local service if a customer fails to pay toll charges. There are no such restrictions on the provision of toll service. If a customer defaults on a payment arrangement for toll service, the utility can require toll restrictions (basically the same as termination of toll service until the toll charges are paid) as stated in their T&C.

QUESTION: What will happen with Lifeline customer accounts where toll restriction and payment arrangements already have been established on the existing account and the account balance and payment arrangement includes toll charges incurred before the January 1, 1998, modification of the FCC rules?

ANSWER: Any actions taken January 1, 1998, or after must comply with the new regulations regardless of when the bill was incurred.

QUESTION: Notice Wording: Do the existing notices suffice? If no, what changes will be required?

ANSWER: Two notices appear to be needed for compliance with the FCC change. One notice must make clear that the threat of disconnection is for failure to pay for local (basic) service and that the basic service will be disconnected unless the customer pays or makes a payment arrangement. Another notice will be needed for toll service that makes clear that the threat of termination is for the toll service only and that termination of toll service will not affect the customer's local (basic) services.

QUESTION: What rules in Chapter 81 do not apply for Lifeline customers? What rules are modified for Lifeline customers and how?

ANSWER: The FCC's modifications to the Lifeline program are not consistent with many provisions of Chapter 81. Where there is a conflict, the FCC rules govern, as described above. We will be initiating a rulemaking soon to modify Chapter 81 to make it consistent with the FCC's changes.

Contact Betty Bero at 287-1399 with any questions concerning this Bulletin.